



SMALL BANK

Comptroller of the Currency
Administrator of National Banks
Washington, DC 20219

PUBLIC DISCLOSURE

October 18, 2004

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**Williamsburg National Bank
Charter Number 21929**

**Junction Highway 25W & Highway 92
Williamsburg, KY 40769**

**Comptroller of the Currency
Louisville Field Office
9200 Shelbyville Road, Suite 505
Louisville, KY 40222**

NOTE: This document is an evaluation of this institution's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods consistent with safe and sound operation of the institution. This evaluation is not, nor should it be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion, or opinion of the federal financial supervisory agency concerning the safety and soundness of this financial institution.

INSTITUTION'S CRA RATING

This document is an evaluation of the Community Reinvestment Act (CRA) performance of Williamsburg National Bank in Williamsburg, Kentucky prepared by the Office of the Comptroller of the Currency, the institution's supervisory agency, as of October 18, 2004. The agency rates the CRA performance of an institution consistent with the provisions set forth in Appendix A to 12 CFR Part 25.

This institution is rated Outstanding.

Major Conclusions:

- A substantial majority of loans and other lending-related activities are in the bank's assessment area.
- The distribution of loans reflects excellent penetration among individuals of different income levels.
- The geographic distribution of loans is excellent, given the community's credit needs and demographics in relation to the bank's location and capacity to lend.
- The average loan-to-deposit ratio is reasonable, considering the bank's size, financial condition, and assessment area credit needs.

DESCRIPTION OF INSTITUTION

Williamsburg National Bank (WNB) is a full-service intrastate commercial bank 100% owned by Williamsburg Bancorp, Inc., a one-bank holding company headquartered in Corbin, Kentucky. As of September 30, 2004, the bank had \$63 million in total assets, \$56 million in deposits, \$44 million in loans, and \$6 million in Tier One Capital. The bank offers traditional banking products and services. It operates one full-service office with a separate drive-thru facility. In addition, WNB has two Automated Teller Machines (ATM's). The bank's office and ATM's are accessible to all segments of the community.

The bank's primary lending focus is home mortgage loans and consumer loans. WNB also makes loans to small businesses and farms in the area. As of September 30, 2004, net loans represent approximately 69% of the bank's average assets. The loan portfolio mix is as follows: 1-4 family residential loans 60%, consumer loans 22%, and business-purpose loans 18%.

There are no legal or financial circumstances that impact the bank's ability to meet community credit needs. The last CRA evaluation was performed on July 15, 1999. The bank received a rating of satisfactory. Consideration was given to the bank's record of performance from the previous evaluation period of July 15, 1999 through October 18, 2004, with loans sampled from originations between January 1, 2002 and December 31, 2003.

DESCRIPTION OF WHITLEY COUNTY

WNB has identified all of Whitley County as its assessment area (AA) for CRA purposes. The assessment area delineation is in conformance with the regulatory requirements of CRA and appears appropriate in relation to the location of the bank's office. The delineation of the assessment area does not arbitrarily exclude any low- or moderate-income areas. The AA is located in the non-metropolitan portion of the State of Kentucky.

This evaluation refers to demographic information from both the 1990 U.S. Census and the 2000 U.S. Census. Our analysis of WNB's borrower distribution of loans compares loans originated in both 2002 and 2003 to demographic information from the 2000 U.S. Census. We calculated the four income level designations using the Department of Housing and Urban Development (HUD) estimate of the statewide non-metropolitan Median Family Income of \$38,600 for 2003. Our analysis of WNB's geographic distribution of loans compares loans originated in 2002 to demographic information from the 1990 U.S. Census, and loans originated in 2003 to demographic information from the 2000 U.S. Census.

The 1990 U.S. Census divides the assessment area into eight census tracts (CT's), designating one tract low-income, three moderate-income, three middle-income, and one upper-income. This designation is based on the 1990 Census Median Family Income for Kentucky's non-metropolitan areas of \$22,542.

The 2000 U.S. Census divides the assessment area into eight census tracts (CT's), designating five moderate-income, two middle-income, and one upper-income. None are low-income. This

designation is based on the 2000 Census Median Family Income for Kentucky's non-metropolitan areas of \$34,625.

The bank is located in Williamsburg, the county seat of Whitley County. Williamsburg is the home of Cumberland College, a private four-year liberal arts college.

Whitley County is situated in Southern Kentucky, close to I-75, a major interstate highway. The county is rural in nature. Much of the terrain is rolling or mountainous. Part of the county is included in the Daniel Boone National Forest. The northern portion of the county contains part of the city of Corbin. Corbin's city limits encompass parts of Whitley, Laurel and Knox counties.

According to the 2000 U.S. Census, the population of Whitley County is 35,865. Of the county's 13,788 households, 6,963 (50%) are considered to have low- or moderate-incomes. In addition, 28% of households in Whitley County live below the poverty level, 35% of households receive social security benefits, and almost 25% of the county's families have incomes under \$15,000. Whitley County's median family income is \$29,325, according to the 2000 U.S. Census.

The economy of the assessment area is stable. A majority of employment opportunities revolve around factory positions, education, and government employment. According to the 2000 U.S. Census, the educational, health, and social services industries employed 26% of the workforce, with the manufacturing sector employing 18%, and retail trade 14%. Major employers in the area include Firestone, Tri County Assembly, Williamsburg Plastics, Lion Apparel, U.S. Department of State Consular Center, Cumberland College, Whitley County Board of Education, and Williamsburg Independent Schools. In addition, a variety of employment opportunities exist within a commutable distance.

Whitley County's unemployment rate has been improving. According to the U.S. Department of Labor, the unemployment rate improved from 6.1% as of August 2003 to 4.2% as of October 2004, and is now lower than state (4.7%) and national (5.5%) unemployment rates.

WNB has a moderate level of competition. Numerous other financial institutions and non-bank entities compete for loans and deposits in the Whitley County assessment area. Most of WNB's competitors have offices in nearby major towns, including London and Corbin. According to the FDIC's website, there are eight banks located in Whitley County, with 15 offices. These offices hold a combined total of \$396 million in deposits, as of June 30, 2004. WNB has a 14% market share of deposits, as of June 30, 2004.

OTHER INFORMATION

To gain additional insight into the community's credit needs and other factors affecting banks' ability to lend, the OCC consulted community contacts specializing in the area's affordable housing needs. They indicated all local banks are active in the community and are willing to provide financing for the community's credit needs. These needs are primarily in the areas of residence financing and consumer purpose financing. The contacts did not identify any credit needs in the county that were not being addressed by the banks or through other sources.

CONCLUSIONS ABOUT PERFORMANCE CRITERIA

Lending in Assessment Area

A substantial majority of loans and other lending-related activities are in WNB's assessment area. The analysis shows borrowers inside the assessment area received 85% of the number and 92% of the dollar amount of sampled loan originations. To reach this conclusion, the OCC analyzed the bank's lending activity by selecting a random sample of twenty loans originated between January 1, 2002 and December 31, 2003.

Lending Inside and Outside of Assessment Area				
	Number of Loans	Percentage of loans	Dollar Amt of Loans \$(000's)	Percentage of Loans
Inside the Assessment Area	17	85.00%	\$223	92.15%
Outside the Assessment Area	3	15.00%	\$ 19	7.85%
Totals	20	100.00%	\$242	100.00%

* Source of data is randomly selected sample of loans originated between January 1, 2002 and December 31, 2003.

Lending to Borrowers of Different Incomes and to Businesses of Different Sizes

The distribution of loans, given the demographics of the assessment area, reflects excellent penetration among individuals of different income levels (including low- and moderate-income). To reach this conclusion, the OCC analyzed the bank's lending activity by selecting a random sample of forty loans from the bank's two primary loan types. Primary loan types were determined by reviewing the number and dollar amount of loans outstanding. The primary loan types identified for this analysis were 1-4 family residential mortgage loans and consumer loans. See the tables below for details.

"Table INC-1 Home Mortgage Loans" shows the percentage of WNB's home mortgage loans to low- and moderate-income borrowers exceeds the percentage of families in the assessment area with low- and moderate-income. Low-income borrowers received 25% of the number of home mortgage loans and moderate-income borrowers received 30% of the number of home mortgage loans. According to the 2000 U.S. Census, 29% of all families in Whitley County are low-income and 20% are moderate-income. WNB's mortgage lending activity is more than reasonable considering the identified home mortgage credit needs in the community.

Table INC-1 Home Mortgage Loans

Borrower Distribution of 1-4 Family Mortgage Loans					
Borrower Income Level	# of Loans	%	\$ (000's)	%	% of Families by Income Level
Low	10	25.00%	\$ 163	20.40%	29.05%
Moderate	12	30.00%	\$ 262	32.79%	20.30%
Middle	10	25.00%	\$ 206	25.78%	19.32%
Upper	8	20.00%	\$ 168	21.03%	31.33%
Total	40	100.00%	\$ 799	100.00%	100.00%

* Source of bank data is randomly selected sample of 1-4 family residential mortgage loans originated between January 1, 2002 and December 31, 2003. Source of demographic comparator data is 2000 U.S. Census.

“Table INC-2 Consumer Loans” shows the percentage of WNB’s consumer loans to low- and moderate-income borrowers exceeds the percentage of households in Whitley County with low- and moderate-income. Low-income borrowers received 45% of the number of consumer loans and moderate-income borrowers received 30 % of the number of consumer loans. According to the 2000 U.S. Census, 34% of the households in Whitley County are low-income and 16% are moderate-income.

Table INC-2 Consumer Loans

Borrower Distribution of Consumer Loans					
Borrower Income Level	# of Loans	%	\$ (000's)	%	% of Households by Income Level
Low	18	45.00%	\$ 71	36.98%	34.46%
Moderate	12	30.00%	\$ 59	30.73%	16.04%
Middle	6	15.00%	\$ 40	20.83%	16.66%
Upper	4	10.00%	\$ 22	11.46%	32.84%
Total	40	100.00%	\$192	100.00%	100.00%

* Source of bank data is randomly selected sample of consumer loans originated between January 1, 2002 and December 31, 2003. Source of demographic comparator data is 2000 U.S. Census.

Geographic Distribution of Loans

The overall geographic distribution of loans reflects excellent dispersion throughout the assessment area. To reach this conclusion, the OCC analyzed the bank's lending activity by selecting a random sample of twenty loans from each of the bank's two primary loan types for both 2002 and 2003. Primary loan types were determined by reviewing the number and dollar amount of loans outstanding. The primary loan types identified for this analysis were 1-4 family residential mortgage loans and consumer loans. The analysis indicates WNB's lending activity extends throughout the assessment area. There were no conspicuous gaps in lending, except to an upper-income area located fifteen miles from WNB that is adequately served by closer banks.

Analysis of Geographic Distribution of Loans Originated in 2002:

"Table GEO-1 Home Mortgage Loans Made in 2002" shows WNB has excellent penetration in making mortgage loans in the low- and moderate-income census tracts. Borrowers in the one low-income census tract (1990 U.S. Census) received 15% of the number of home mortgage loans and borrowers in the three moderate-income census tracts received 70% of the number of home mortgage loans. According to the 1990 U.S. Census, the low- and moderate-income census tracts contain 52% of all owner-occupied housing in the assessment area.

Table GEO-1 Home Mortgage Loans Made in 2002

Geographic Distribution of 1-4 Family Mortgage Loans					
Census Tract Income Level	# of Loans	%	\$ (000's)	%	% of AA Owner- occupied Housing
Low	3	15.00%	\$ 53	15.96%	6.08%
Moderate	14	70.00%	\$ 205	61.75%	45.91%
Middle	3	15.00%	\$ 74	22.29%	38.59%
Upper	0	0.00%	\$ 0	0.00%	9.42%
Total	20	100.00%	\$ 332	100.00%	100.00%

* Source of bank data is randomly selected sample of 1-4 family residential mortgage loans originated between January 1, 2002 and December 31, 2002. Source of demographic comparator data is 1990 U.S. Census.

"Table GEO-2 Consumer Loans Made in 2002" shows WNB has excellent penetration in making consumer loans in the low- and moderate-income census tracts. Borrowers in Whitley County's one low-income census tract (1990 U.S. Census) received 15% of the number of consumer loans. Borrowers in the three moderate-income census tracts received 65% of the number of consumer loans. According to the 1990 U.S. Census, the low- and moderate-income census tracts contain 49% of all households in the assessment area.

Table GEO-2 Consumer Loans Made in 2002

Geographic Distribution of Consumer Loans					
Census Tract Income Level	# of Loans	%	\$ (000's)	%	% of AA Households
Low	3	15.00%	\$ 18	17.82%	6.41%
Moderate	13	65.00%	\$ 62	61.39%	42.28%
Middle	4	20.00%	\$ 21	20.79%	40.85%
Upper	0	0.00%	\$ 0	0.00%	10.46%
Total	20	100.00%	\$ 101	100.00%	100.00%

* Source of bank data is randomly selected sample of consumer loans originated between January 1, 2002 and December 31, 2002. Source of demographic comparator data is 1990 U.S. Census.

Analysis of Geographic Distribution of Loans Originated in 2003:

“Table GEO-3 Home Mortgage Loans Made in 2003” shows WNB has excellent penetration in making mortgage loans in the moderate-income census tracts. The table below shows borrowers located in the moderate-income census tracts received 95% of the number of WNB’s home mortgage loans. According to the 2000 U.S. Census, the five moderate-income census tracts in Whitley County contain 66% of the county’s owner-occupied housing.

Table GEO-3 Home Mortgage Loans Made in 2003

Geographic Distribution of 1-4 Family Mortgage Loans					
Census Tract Income Level	# of Loans	%	\$ (000's)	%	% of AA Owner- occupied Housing
Moderate	19	95.00%	\$ 436	93.36%	65.85%
Middle	1	5.00%	\$ 31	6.64%	26.37%
Upper	0	0.00%	\$ 0	0.00%	7.78%
Total	20	100.00%	\$ 467	100.00%	100.00%

* Source of bank data is randomly selected sample of 1-4 family residential mortgage loans originated between January 1, 2003 and December 31, 2003. Source of demographic comparator data is 2000 U.S. Census.

** The 2000 U.S. Census did not designate any of Whitley County’s eight census tracts as low-income.

“Table GEO-4 Consumer Loans Made in 2003” shows WNB has excellent penetration in making consumer loans in the moderate-income census tracts. The table below shows 95% of the number of WNB’s consumer loans were to borrowers located in the moderate-income census tracts. According to the 2000 U.S. Census, the five moderate-income census tracts in Whitley County contain 66% of the county’s households.

Table GEO-4 Consumer Loans Made in 2003

Geographic Distribution of Consumer Loans					
Census Tract Income Level	# of Loans	%	\$ (000's)	%	% of AA Households
Moderate	19	95.00%	\$ 74	81.32%	65.54%
Middle	1	5.00%	\$ 17	18.68%	25.23%
Upper	0	0.00%	\$ 0	0.00%	9.23%
Total	20	100.00%	\$ 91	100.00%	100.00%

* Source of bank data is randomly selected sample of consumer loans originated between January 1, 2003 and December 31, 2003. Source of demographic comparator data is 2000 U.S. Census.

** The 2000 U.S. Census did not designate any of Whitley County’s eight census tracts as low-income.

Loan-to-Deposit Ratio

The loan-to-deposit ratio is reasonable given the bank’s size, financial condition, and assessment area credit needs.

WNB’s average net loan-to-deposit ratio for the twenty-one quarters since the last CRA evaluation is 82.07%. WNB’s loan-to-deposit ratio has ranged from 72.76% to 89.37% over this period. As of September 30, 2004 it is 78.80%.

We compared WNB to one local competitor and three other similarly situated financial institutions operating in markets similar to WNB’s market. The similarly situated banks are comparable to WNB in asset size, deposit size, and major lending products. The average loan-to-deposit ratios of these banks range from 66% to 93%. As a group the other banks average 80%.

Institution	Average
WNB	82.07%
Bank #1	93.41%
Bank #2	80.00%
Bank #3	79.27%
Bank #4	65.54%

Responses to Complaints

WNB has not received any complaints about its performance in helping to meet assessment area credit needs during this evaluation period.

Fair Lending Review

We found no evidence of illegal discrimination or other illegal credit practices.